

ORIENT TOWNSHIP, OSCEOLA COUNTY

SEARS, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Orient Township	County Osceola
Audit Date 3/31/04	Opinion Date 5/17/04	Date Accountant Report Submitted to State: 7/20/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

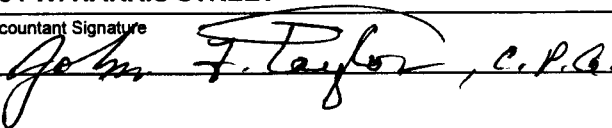
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET	City CADILLAC	State MI	ZIP 49601
Accountant Signature 		Date 7/20/04	

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

MARCH 31, 2004

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Baird, Cotter and Bishop, P.C.

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SCOTT A. HUNTER, C.P.A.
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MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 17, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Orient Township
Osceola County
Sears, Michigan

We have audited the accompanying general-purpose financial statements of Orient Township, Osceola County, Sears, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Orient Township, Osceola County, Sears, Michigan at March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	GOVERNMENTAL FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	AGENCY	GENERAL FIXED ASSETS	
<u>ASSETS</u>				
Cash				
Money Market Account	\$ 150,357	\$ 1,553	\$ 0	\$ 151,910
Certificates of Deposit	41,920	0	0	41,920
Taxes Receivable	3,545	0	0	3,545
Due from Other Governments	7,291	0	0	7,291
Due from Other Funds	1,553	0	0	1,553
Land	0	0	17,455	17,455
Buildings	0	0	144,433	144,433
Machinery and Equipment	0	0	11,504	11,504
Furniture and Fixtures	0	0	7,176	7,176
 TOTAL ASSETS	 \$ 204,666	 \$ 1,553	 \$ 180,568	 \$ 386,787
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 162	\$ 0	\$ 0	\$ 162
Due to Other Funds	0	1,553	0	1,553
Payroll Withholdings	175	0	0	175
Hall Deposits	325	0	0	325
Due to Other Governments	15	0	0	15
 Total Liabilities	 \$ 677	 \$ 1,553	 \$ 0	 \$ 2,230
<u>EQUITY</u>				
Investment in General				
Fixed Assets	\$ 0	\$ 0	\$ 180,568	\$ 180,568
Fund Balance	203,989	0	0	203,989
 Total Equity	 \$ 203,989	 \$ 0	 \$ 180,568	 \$ 384,557
 TOTAL LIABILITIES AND EQUITY	 \$ 204,666	 \$ 1,553	 \$ 180,568	 \$ 386,787

The accompanying notes are an integral part of these financial statements.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Taxes	\$ 22,802
State Grants	54,166
Charges for Services	46
Interest and Rents	3,945
Other Revenues	586
	<hr/>
Total Revenues	\$ 81,545

EXPENDITURES

Legislative	
Township Board	\$ 1,646
General Government	
Supervisor	9,143
Election	29
Clerk	7,195
Board of Review	910
Treasurer	7,344
Building and Grounds	12,883
Cemetery	1,337
Public Safety	15,408
Public Works	18,210
Recreation and Cultural	800
Other Functions	3,651
	<hr/>
Total Expenditures	\$ 78,556

Excess of Revenues Over (Under) Expenditures	\$ 2,989
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<u>FUND BALANCE - APRIL 1, 2003</u>	<hr/> 201,000
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<u>FUND BALANCE - MARCH 31, 2004</u>	<hr/> <hr/> \$ 203,989
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The accompanying notes are an integral part of these financial statements.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPE
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 22,250	\$ 22,802	\$ 552
State Grants	58,300	54,166	(4,134)
Charges for Services	50	46	(4)
Interest and Rents	3,175	3,945	770
Other Revenues	100	586	486
Total Revenues	\$ 83,875	\$ 81,545	\$ (2,330)
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 2,270	\$ 1,646	\$ 624
General Government			
Supervisor	10,175	9,143	1,032
Election	29	29	0
Clerk	7,360	7,195	165
Board of Review	1,380	910	470
Treasurer	8,920	7,344	1,576
Building and Grounds	12,001	12,883	(882)
Cemetery	1,337	1,337	0
Public Safety	15,408	15,408	0
Public Works	27,676	18,210	9,466
Recreation and Cultural	800	800	0
Other Functions	3,720	3,651	69
Total Expenditures	\$ 91,076	\$ 78,556	\$ 12,520
Excess of Revenues Over (Under) Expenditures	\$ (7,201)	\$ 2,989	\$ 10,190
<u>FUND BALANCE - APRIL 1, 2003</u>	191,832	201,000	9,168
<u>FUND BALANCE - MARCH 31, 2004</u>	\$ 184,631	\$ 203,989	\$ 19,358

The accompanying notes are an integral part of these financial statements.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Orient Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units that should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. Governmental fund types use the flow of financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Township and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified accrual basis of accounting. This fund is used to account for property tax collections which the township receives and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Orient Township Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Orient Township Board at the annual meeting.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by the Township. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- (h) In investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.11 to 129.118.
- (i) In the investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

2. Receivables and Payables

All outstanding balances between funds at the end of the fiscal year are reported as "Due To/From Other Funds".

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Use of Estimates

This presentation of financial statements in conformity with generally accepted accounting principles requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on March 29, 2003.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, a total of \$94,594 of the Township's total deposits of \$196,147 were in accounts which exceed federal depository insurance and are uncollateralized. The remaining \$101,553 was insured. At year end, the carrying amount of the Townships deposits was \$193,830, and the bank balance was \$196,147.

The carrying amount of the Township's deposits and investments at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Chemical Bank Central		
Big Rapids, Michigan		
Money Market Account	\$ 150,357	\$ 1,553
Certificates of Deposit	41,920	0
	<u>\$ 192,277</u>	<u>\$ 1,553</u>

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

<u>GENERAL FIXED ASSETS</u>	<u>BALANCE</u> <u>4/1/03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3/31/04</u>
Land and Land Improvements	\$ 17,455	\$ 0	\$ 0	\$ 17,455
Buildings	137,861	6,572	0	144,433
Machinery and Equipment	10,754	750	0	11,504
Furniture and Fixtures	6,320	856	0	7,176
	<u>\$ 172,390</u>	<u>\$ 8,178</u>	<u>\$ 0</u>	<u>\$ 180,568</u>

C. Interfund Receivables and Payables

The composition of interfund balances as of March 31, 2004, is as follows:

Due To/From Other Funds:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General Fund	Tax Collection Fund	\$ 1,553

IV. OTHER INFORMATION

A. Property Taxes

The Township levied .9072 mills for general operating purposes on a state taxable valuation of \$24,829,700.

The date of the levy was 12/1/03 at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Osceola County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 2,965	\$ 0

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

C. Joint Fire District

The Township is a member of the Evert Area Joint Fire Department. The Fire Board maintains the records for the fire department. The Township's assessment for support of the fire department for 2003-2004 was \$15,408. The fire district is a joint venture supported by the City of Evert and the Townships of Evert, Orient, Osceola and Sylvan. The financial statements of the fire district are included in the City of Evert comprehensive annual financial report. The following information was taken from the City of Evert's June 30, 2003 audited financial statements.

Total Assets	\$ 122,348
Total Liabilities	804
Fund Balance	121,544
Total Revenues	68,245
Operating Transfers In	36,511
Total Expenditures	65,666
Net Increase (Decrease) in Fund Balance	39,090

A copy of these audited financial statements may be obtained upon request from the City Treasurer.

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and employee injury. The Township carries commercial insurance to cover loss from these various risks.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage in any of the past three fiscal years.

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FUND
BALANCE SHEET

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 150,357
Certificates of Deposit	41,920
Taxes Receivable	3,545
Due from Other Governments	7,291
Due from Other Funds	1,553
	<hr/>
TOTAL ASSETS	\$ 204,666

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 162
Employee Withholdings	175
Hall Deposits	325
Due to Other Governments	15
	<hr/>
Total Liabilities	\$ 677

FUND BALANCE

Unreserved	203,989
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 204,666

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 22,250	\$ 22,802	\$ 552
State Grants	58,300	54,166	(4,134)
Charges for Services	50	46	(4)
Interest and Rents	3,175	3,945	770
Other Revenues	100	586	486
Total Revenues	\$ 83,875	\$ 81,545	\$ (2,330)
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 2,270	\$ 1,646	\$ 624
General Government			
Supervisor	10,175	9,143	1,032
Election	29	29	0
Clerk	7,360	7,195	165
Board of Review	1,380	910	470
Treasurer	8,920	7,344	1,576
Building and Grounds	12,001	12,883	(882)
Cemetery	1,337	1,337	0
Public Safety	15,408	15,408	0
Public Works	27,676	18,210	9,466
Recreation and Cultural	800	800	0
Other Functions	3,720	3,651	69
Total Expenditures	\$ 91,076	\$ 78,556	\$ 12,520
Excess of Revenues Over (Under) Expenditures	\$ (7,201)	\$ 2,989	\$ 10,190
<u>FUND BALANCE</u> - April 1, 2003	191,832	201,000	9,168
<u>FUND BALANCE</u> - March 31, 2004	\$ 184,631	\$ 203,989	\$ 19,358

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 18,960	
Delinquent Property Taxes	3,522	
Penalties and Interest on Taxes	<u>320</u>	
Total Taxes		\$ 22,802

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		54,166

CHARGES FOR SERVICES

Dog License Fees		46
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INTEREST AND RENTS

Interest Earnings	\$ 2,965	
Hall Rental	<u>980</u>	
Total Interest and Rents		3,945

OTHER REVENUES

Refunds and Rebates	\$ 393	
Miscellaneous	<u>193</u>	
Total Other Revenues		<u>586</u>
TOTAL REVENUES		<u>\$ 81,545</u>

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 1,105

Other Services and Charges

Printing and Publishing

115

Dues and Miscellaneous

426

Total Legislative

\$ 1,646

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 3,100

Supplies

Office Supplies

417

Other Services and Charges

Professional Services

5,600

Transportation

26

\$ 9,143

Elections

Supplies

29

Clerk

Personal Services

Salaries and Wages

\$ 6,900

Supplies

Office Supplies

281

Other Services and Charges

Transportation

14

7,195

Board of Review

Personal Services

Salaries and Wages

\$ 840

Other Services and Charges

Transportation

35

Training

35

910

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer

Personal Services		
Salaries and Wages	\$ 6,900	
Supplies		
Office Supplies	444	7,344
Building and Grounds		
Personal Services		
Salaries and Wages	\$ 80	
Supplies		
Operating Supplies	164	
Other Services and Charges		
Repairs and Maintenance	1,773	
Heat	1,761	
Public Utilities	927	
Capital Outlay	8,178	12,883
Cemetery		
Personal Services		
Salaries and Wages	\$ 1,048	
Supplies		
Operating Supplies	46	
Other Services and Charges		
Repair and Maintenance	243	1,337
Total General Government		38,841

PUBLIC SAFETY

Fire Department

Aid to Other Governments

Evart Area Joint Fire Department		15,408
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ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC WORKS

Street Lighting	\$	677
Street and Road Repairs		15,557
Sanitation		1,976
		1,976

Total Public Works		18,210
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RECREATION AND CULTURAL

Recreation		
Other Services and Charges		
Donation - Evart Area Recreation	\$	200
Library		
Other Services and Charges		
Aid to Other Governments		
Barryton Public Library	\$	200
Evart Public Library		400
		400

Total Recreation and Cultural		800
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OTHER FUNCTIONS

Insurance and Bonds	\$	1,367
Employee Benefits		
Social Security and Medicare	\$	1,531
Workers' Compensation		753
		753

Total Other Functions		3,651
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TOTAL EXPENDITURES		\$78,556
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ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

CURRENT TAX COLLECTION FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash on Deposit	\$ 1,553
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to General Fund	\$ 1,553
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<u>FUND BALANCE</u>	<u>0</u>
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Total Liabilities and Fund Balance	<u>\$ 1,553</u>
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ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		
Interest Earnings		\$ 562,655
Dog Licenses		37
Late Payment Fees		248
		<u>320</u>
Total Receipts		

\$ 563,260

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
County	\$ 191,748	
Dog Licenses	<u>248</u>	\$ 191,996
Payments to Township Treasurer		
Current Tax	\$ 18,975	
Late Payment Fees	<u>320</u>	19,295
Payments to School Treasurer		
Current Tax		
Evert Public Schools	\$ 215,482	
Chippewa Hills School District	<u>50,512</u>	265,994
Payments to Intermediate School Treasurer		
Mecosta-Osceola		
Current Tax		<u>85,939</u>

Total Disbursements		<u>563,224</u>
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Excess of Receipts Over (Under) Disbursements		\$ 36
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<u>CASH ON DEPOSIT - APRIL 1, 2003</u>		<u>1,517</u>
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<u>CASH ON DEPOSIT - MARCH 31, 2004</u>		<u>\$ 1,553</u>
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ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/01/2003	ADDITIONS	DELETIONS	BALANCE 3/31/2004
<u>GENERAL FIXED ASSETS</u>				
Land and Land Improvements	\$ 17,455	\$ 0	\$ 0	\$ 17,455
Buildings	137,861	6,572	0	144,433
Machinery and Equipment	10,754	750	0	11,504
Furniture and Fixtures	6,320	856	0	7,176
	<u>\$ 172,390</u>	<u>\$ 8,178</u>	<u>\$ 0</u>	<u>\$ 180,568</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>	 <u>\$ 172,390</u>	 <u>\$ 8,178</u>	 <u>\$ 0</u>	 <u>\$ 180,568</u>

ORIENT TOWNSHIP, OSCEOLA COUNTY
SEARS, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

	<u>TAXABLE VALUE</u>	<u>MILLS</u>		
<u>TAXES ASSESSED</u>				
County	\$ 24,829,700	9.1661	\$ 227,569	
Township	\$ 24,829,700	0.9072	22,520	
Schools				
Evart Public Schools				
Operating	\$ 11,069,595	18.0000	199,251	
Debt	\$ 20,408,961	2.8000	57,142	
Chippewa Hills School District				
Operating	\$ 2,334,828	18.0000	42,027	
Debt	\$ 4,420,481	4.1000	18,123	
Intermediate School				
Mecosta-Osceola	\$ 24,829,700	4.1080	101,995	\$ 668,627
<u>TAXES COLLECTED</u>				
County			\$ 191,646	
Township			18,960	
Schools				
Evart Public Schools				
Operating			167,056	
Debt			48,426	
Chippewa Hills School District				
Operating			35,904	
Debt			14,792	
Intermediate School				
Mecosta-Osceola			85,871	562,655
<u>TAXES RETURNED DELINQUENT</u>				
County			\$ 35,923	
Township			3,560	
Schools				
Evart Public Schools				
Operating			32,195	
Debt			8,716	
Chippewa Hills School District				
Operating			6,123	
Debt			3,331	
Intermediate School				
Mecosta-Osceola			16,124	\$ 105,972

Baird, Cotter and Bishop, P.C.

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JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 17, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Orient Township
Osceola County
Sears, Michigan

During the course of our audit of the general-purpose financial statements of Orient Township for the year ended March 31, 2004, we noted the following items:

Budgeting

The budget was exceeded for only one expenditure line item in the General Fund. Act 621 of the Public Acts of 1978 requires amending the budget prior to authorizing expenditures that would cause such overages.

General Recordkeeping

The accounting records for the year ended March 31, 2004, were found to be in excellent order and in compliance with the State's uniform accounting system.

GASB 34

The Governmental Accounting Standards Board has issued Statement 34. The implementation date for the Township for GASB 34 will be for the year ending March 31, 2005. We can assist the Township with complying with any GASB 34 requirements as the implementation date draws closer.

We would like to thank the board for awarding our firm the audit assignment and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

May 17, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Orient Township
Osceola County
Sears, Michigan

In planning and performing our audit of the general-purpose financial statements of Orient Township, Osceola County, Evart, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.